

# Facts for Consumers

## HELP WANTED.... FINDING A JOB

**POSITIONS AVAILABLE**

- \* Corporate Finance
- \* Corporate Trading
- \* Investment Banking

Now accepting resumes  
Bilingual speaking a plus  
1-800-000-0000  
Fax 1-800-000-0000

*I saw an ad in the newspaper for jobs in corporate finance. I faxed my resume to the 800-number listed and got a call from a woman who said her company works with businesses to find employees to fill their positions. She said the service would cost me \$495, but the fee was fully refundable if I was dissatisfied or found a job on my own. She guaranteed me interview opportunities and told me that if I found a job through her company, there was a good chance my new employer would reimburse me for the fee.*

*I never got any interviews, let alone a refund, and now I can't even get the company to return my calls.*

—paraphrased from a sample complaint letter to the FTC.

If you're looking for a job, you may come across ads for firms that promise results. Although many of these firms may be legitimate and helpful, others may misrepresent their services, promote out-dated or fictitious job offerings, or charge high upfront fees for services that may not lead to a job. Some ads may direct you to call a toll-free 800-number. Once you're connected, you may be switched to a pay-per-call 900-number without your knowledge, or you may be asked to call a 900-number without a proper fee disclosure. Both practices violate federal law.

The Federal Trade Commission (FTC) sues businesses that fraudulently advertise employment openings and guarantee job

placement. Consumers who respond to these ads think they are contacting a bona fide placement service that's seeking candidates to fill specific jobs. Instead, they're reaching a business that rarely helps consumers obtain employment through its "services." To make matters worse, these businesses invariably charge advance fees — ranging from several hundred to several thousand dollars — for their "services," typically imposing the fees without consumer approval, or promising — falsely — that most or all of the fees ultimately will be refunded.

### Types of Employment Service Firms

When you're looking for help in finding a job, it's important to understand the differences among employment services. Many terms, such as *employment agency*, *personal placement service*, *executive search firm*, or *executive counseling service* are used interchangeably. Find out what services a firm offers, how much the services cost, and who pays. If you are required to pay the fee, find out what you'll owe if the employment service does not find you a job or any leads.

Six basic types of service companies/agencies offer consumers help in finding a job. They include: public employment services; employment agencies; executive search services; temporary help services; executive counseling services; and job listing services.

- *The federally-funded and state-operated public Employment Service, also known as the Job Service*, operates in all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. There are some 2,300 points of service nationwide; about 1,700 of them are full-time, full-service offices. The Employment Service provides its services free to both employers and job seekers. Openings range from entry level to technical and professional positions. The Employment Service provides Internet access to America's Job Bank (AJB). On any given day, this national resource lists over 400,000 job opportunities. It also provides links to numerous employment and training programs in each state, including programs for people with disabilities, minorities, older workers, veterans, welfare recipients, and young people. AJB's address is [www.ajb.dni.us](http://www.ajb.dni.us) on the Internet.
- *Employment agencies or personnel placement services* work to fill specific positions available within companies. Their purpose is to bring applicants and employers together. Often, the hiring company pays the placement fee, but when state law permits, you and the employer may share the fee or the fee is billed to you after you've secured a job. Employment agencies usually are licensed in the state where they do business.
- *Executive search firms or executive recruiters* are hired by businesses to find

the "right" person for a particular job within a company. These recruiters sometimes are referred to as "headhunters." The executive who is hired *does not pay the fee*; fee payment is part of the agreement between the hiring business and the search firm. Executive search firms usually subscribe to a code of ethics established by industry members; some firms are licensed by the states where they do business, as required by state law.

- *Temporary help services* provide workers to businesses on a temporary or as-needed basis. Businesses pay an agreed-upon wage to the temporary service for work performed by the employees. The temporary service firm pays the workers, not the temporary employer.
- *Executive counseling services or career counseling services* help job seekers with career directions and decisions more than with job placement. They may offer such services as skill identification and self evaluation, resume preparation and letter writing, and general information about companies in a particular location or job field. Fees can be as high as \$4,000, and payment often is required before any services are provided. You'll probably have to pay this fee even if you don't find a job. Placement is not guaranteed. State law dictates whether executive counseling firms are licensed.
- *Job listing services or advisory services* sell information about getting a job in

the U.S. or abroad, rather than provide actual job placement. Often, they use pay-per-call 900-numbers to do this. Information may include lists of job openings, general tips on conducting a successful job search or interview, and broad guidance in resume writing. These advisory firms often require an upfront fee for their listings.

## Protecting Yourself

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Before you spend any money responding to job ads or completing job placement contracts, the FTC suggests that you:

- Be suspicious of any employment-service firm that promises to get you a job.
- Be skeptical of any employment-service firm that charges upfront fees and guarantees refunds to dissatisfied customers.
- Don't give out your credit card or bank account information on the phone unless you are familiar with the company and agree to pay for something. Anyone who has your account information can use it to take money from your accounts improperly.
- Get a copy of the firm's contract and review it carefully before you pay any money. Understand the terms and conditions of the firm's refund policy. If oral promises are made that don't also appear in the contract, think twice about doing business with the firm.

- Be aware that some listing services and “consultants” may place ads that seem to offer jobs when, in fact, they are selling employment information.
- Follow up with the corporate offices of any company listed in an ad by an employment service, to find out if the company’s really hiring.
- Be wary of firms promoting “previously undisclosed” federal government jobs. All federal positions are announced to the public.
- Check with your local consumer protection agency, state Attorney General’s Office, and the Better Business Bureau to see if any complaints have been filed about a company with which you intend to do business.

In addition, note that federal law prohibits the use of a toll-free 800-number for pay-per-call 900-number services. This means that anyone calling an 800-number cannot be charged simply for completing the call, and that an 800-number call cannot be transferred, or connected to, a pay-per-call 900-number service. Federal law also prohibits any telephone message that solicits calls to a pay-per-call 900-number service from failing to disclose the cost of the call.

## For More Information

A variety of free and low-cost resources are available to help you in your job search.

- *Job Service offices* post vacancies and offer counseling and referrals to other job resources.
- *Local and county human resources offices* provide some placement assistance. They can give you the names of other groups that may be helpful, such as labor unions or federally-funded vocational programs.
- *University, college, and community college career service offices* usually limit their help to students and alumni, but some may let you look at their current job listings.
- *Local libraries* can direct you to information on writing a resume, interviewing, or compiling a list of companies to contact about job openings.
- *The Internet*, through major online services and electronic bulletin boards, has information and options to help you, including classified ads and resume postings.

## Where to Complain

If you have a problem with an employment-service firm, contact your local consumer protection office, Better Business Bureau, the appropriate state licensing board, or your state Attorney General. If you have

problems with charges on your phone bill for 900-number calls to fraudulent businesses, contact your telephone company immediately. No phone company is obligated to delete the charges, but you should ask. And at least one carrier — AT&T — cannot disconnect your phone for failure to pay 900-number charges. Call your carrier or the Federal Communications Commission for policy information.

You also may wish to contact the FTC about your complaint. Although the FTC cannot represent you directly in a dispute with a company, it can act when it sees a pattern of possible law violation. Contact the Consumer Response Center by phone: toll-free 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or by email: use the complaint form at [www.ftc.gov](http://www.ftc.gov).

In addition, the FTC has published related consumer brochures: *Automatic Debit Scams* and *900-Numbers: FTC Rule Helps Consumers*. For free copies of these brochures or *Best Sellers*, a complete list of the FTC’s consumer publications, contact the Consumer Response Center. You also can access FTC publications at [www.ftc.gov](http://www.ftc.gov).

Federal Trade Commission <a href="http://www.ftc.gov">www.ftc.gov</a>	Toll-free 1-877-FTC-HELP For the Consumer
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